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## Warring Factions Back Geneva Plan For Divided Bosnia

**GENEVA** — Bosnia's warring factions agreed Friday to divide Bosnia-Herzegovina into three republics, an apparent first step toward the ethnic partition of the former Yugoslav republic.  
The agreement, at the Geneva peace talks, ostensibly ended the efforts of outgunned Muslim forces to hold together Bosnia during more than 16 months of ethnic war.  
The international mediators, Lord Owen and Thorvald Stoltenberg, said, "After intensive discussion on a number of drafts, with amendments agreed to by all three parties, there is now a constitutional agreement for the Union of Republics of Bosnia and Herzegovina which will form part of an overall peace settlement."  
But their statement made clear that agreement on a map delineating the territory of the three ethnic republics was still to come. And Bosnia's Muslim president said the accord was "preliminary" and would have to be ratified by his parliament.  
Speakers for Lord Owen and Mr. Stoltenberg said representatives of the Muslim-led Bosnian government, of the Croats and of the Serbs would hold talks Saturday on maps showing the internal boundaries.  
In the Bosnian capital, Sarajevo, military commanders of the three factions agreed to implement an immediate cease-fire across the republic, a Croatian commander said.  
Speaking after the talks Friday, Mr. Izetbegovic said that territorial division remained "the most difficult part of the job."  
"We do not regard ourselves as being authorized to sign anything," he said, "and what we might initial here would have only conditional significance — we shall put it before the parliament and ask it to ratify or not."  
"I think we have achieved preliminary agreement on the transformation of Bosnia-Herzegovina into a union of three republics. Bosnia-Herzegovina's international borders should remain intact."  
Mr. Izetbegovic termed the negotiations "very hard" and said there was "a clash between a federal concept which we advocated and a confederal one proposed by the Serbian and Croatian sides."  
"There was a lot of difficulty in regard to defining that this will not be an alliance of states but a state, and that was achieved," he added. "There now remains the most difficult part of the job, the maps."  
Other details of the pact were not immediately known, such as whether some form of central government would exist.  
Mr. Izetbegovic, who had rejected the mediators' plan earlier Friday, apparently succumbed to intense pressure from mediators, Serbs and Croats.  
One Bosnian Muslim delegate had commented, "A new conflict threatens to erupt between Serbs and Croats over Krajina." Page 2.

# Europe's Currency Grid Buckles As Traders Dare Central Banks

**By Roger Cohen**  
*New York Times Service*

PARIS — The European Monetary System, the cornerstone of exchange-rate stability within the European Community since 1979, was close to extinction Friday after speculators decided that France could no longer defend the franc and embarked on an all-out attack against it.

The battle, pitting currency traders against the French and German central banks, was especially bitter because it was about a lot more than money. The steady exchange rate in recent years between the Deutsche mark and French franc has come to symbolize the strength of the Franco-German alliance and Europe's aspirations toward monetary and political union.

But Friday, the link between the two currencies appeared on the verge of collapse, a development that would destroy the vestigial credibility of the European Monetary System and make a mockery of Europe's integration plans. There were suggestions from traders that the European Community's monetary committee would meet this weekend to decide on a franc devaluation or its flotation outside the system. But Karlheinz von den Driesch, a spokesman for the German Finance Ministry, said that such talk was "pure speculation" and that the French economy remained fundamentally strong.

In a massive intervention, the central banks of Germany, France, Belgium, Denmark, the Netherlands, Spain and Portugal together spent an estimated 30 billion Deutsche marks (\$17.44 billion) supporting the weak currencies. The Danish krone, also under attack, bounced back from its ERM limit, while the Belgian franc, peseta and escudo all approached their floors. Belgium and Denmark raised short-term interest rates to defend their currencies.

Despite the huge outlays to support the franc — currency dealers in London said the German Central Bank alone spent about \$8.6 billion — the French currency plunged to its lowest permitted value in the ERM before rising very slightly late in the day.

Under European Monetary System rules, currencies in the exchange-rate mechanism can fluctuate within narrow bands from defined rates against each other. Members are required to intervene in the foreign-exchange markets to maintain their currencies within the prescribed bands.

[After the grid closed for the day, the mark remained at 3,4305 francs, its ceiling. Reuters reported from London. Earlier, dealers said it had traded as high as 3.44 but had been hauled back by the central bank intervention.]

Behind the blistering attack on the franc lay a simple calculation from speculators: France cannot long battle a deepening recession and mounting unemployment as long as it has to sustain the high interest rates necessary to maintain the attractiveness of its currency and so maintain the franc's value against the Deutsche mark.

The woes of the franc Friday coincided with an announcement that unemployment rose 44,600 in June, to a record 3.2 million, 11.6 percent of the work force. The economy is expected to contract by 0.7 percent this year.

"As things stand, France has no room for the sharp interest rate cuts needed to get a quick return to growth," said Kim Schoenholz, chief economist at Salomon Brothers Inc. in London. "Its position therefore looks unsustainable."

Traders were virtually unanimous in saying that France would have to seek a devaluation or, more probably, abandon the monetary system, as Britain and Italy did almost a year ago.

"It's hard to see how the franc can hang on," said J. Paul Horne, an economist at Smith Barney, Harris Upham & Co. in Paris. "There'll probably be a generalized floating of the European currencies."

"The events that we are witnessing now are as monumental for the financial markets as the ending of the gold standard in the 1930s," David Brown, chief economist at Tokai Bank in London, told Reuters. "It's the stuff movies are made of."

The French government — which has made See GRID, Page 11

## In U.S. Aide's Note, Signs Of His Malaise on the Job

**By Ann Devroy and Michael Isikoff**  
*Washington Post Service*

WASHINGTON — White House officials have described a sordid note left by Vincent W. Foster Jr. as a "written argument with himself" about problems with his job as deputy White House counsel. The note's discovery Monday produced hours of high-level debate and consultations with Attorney General Janet Reno before key officials agreed that the note should be turned over to the police.

The 30-hour White House delay in informing the U.S. Park Police of the existence of the note and producing it increased frustration among police investigators. While convinced that Mr. Foster's death was a suicide, the investigators believe that the White House slowed the examination of evidence and the interviews necessary to determine whether some sudden event connected with his job prompted the action, sources said.

In an effort to explain their actions after Mr. Foster's death on July 20, the White House chief of staff, Thomas F. (Mac) McLarty; the White House counsel, Bernard Nussbaum; the communications director, David Gejz, and others offered reasons Thursday for what some have called a less than fully candid and cooperative attitude toward the investigation.

In addition, the White House said it would turn over telephone logs from the last two weeks of Mr. Foster's life to the Park Police, who are investigating the death because it took place in a Virginia riverside park. It also made administration officials available to investigating officers and reported that Mr. Foster's widow, Lisa, was interviewed for the first time by the police on Thursday.

This increased effort to aid investigators partly reflected concern that the private tragedy of Mr. Foster's death might also become a public liability. White House credibility has been called into question by a series of sometimes contradictory statements about the investigation and about knowledge by President Bill Clinton and others about Mr. Foster's mental state.

Officials said they had tried to balance their responsibility to aid the investigation with concerns about preserving the privacy of the Foster family and safeguarding the privileged material he regularly dealt with as the No. 2 person in the office that advises the president on legal and personnel matters.

The U.S. Park Police chief, Robert E. Langston, said: "It's been hard getting some material out of them. A lot of political sensitivity has been brought into it." But now, he said, his investigators were "pretty well wrapping this up."

"The evidence led to the conclusion he was suffering from depression, he was dejected by his job," he added.

Officials said that none of the material recovered thus far — including the note discovered Monday and a list found in his possession with the names and phone numbers of two psychiatrists — offered any explanation for the suicide. See SUICIDE, Page 4.



A Frankfurt stock trader shouting a late order as the DAX index slid to a 38-point loss because of currency turmoil that will hurt German exporters by bolstering the Deutsche mark.

## Exchange-Rate Dilemma: Forge On or Bury It?

**By Erik Ipsen**  
*International Herald Tribune*

LONDON — After two days of heavy intervention to support the weaker currencies within the European grid, Europe's politicians and central bankers face a tense weekend of either sitting tight and agreeing to soldier on or coming up with a solution that would enable the system to survive in a changed form.

In the currency markets, the widespread assumption is simply that the game is over.

"I think the European exchange-rate mechanism is effectively finished," said Neil MacKinnon, chief currency strategist for Citibank in London. "Now it's just a political decision as to how the corpse is buried."

As most economists and currency traders see it, the bury-it-now option may be irresistible. Under that scenario, members would agree to suspend the system and allow their currencies to seek their own values in the marketplace.

At the same time, they would make clear their intention to reconstitute the system once economic conditions in the anchor country, Germany, have returned to normal.

German reunification has pushed German inflation rates to multiples of those in France, Belgium and some other members. That inflation, coupled with the high interest rates the Bundesbank has employed to combat it, is widely seen as key to the system's recent drift toward the rocks.

Free of the need to keep their currencies within agreed bands, the governments could turn their attention to reviving their economies with deep interest-rate cuts.

"If the ERM falls apart, the stock markets in Europe would just fly," said Jeremy Hawkins, an economist at the Bank of America in London. Expectations that the system would soon go the way of the dinosaurs sent stock prices soaring in many European markets this week.

The deteriorating state of the French economy, where unemployment is forecast at 12.5 percent over the next year, has increasingly undermined the credibility of French politicians, who insist that they will stick with the exchange-rate mechanism and the so-called *franc fort*, or strong franc, policy.

The currency markets have bet that France cannot afford to wait for the Germans to cut their interest rates and then follow along — the only path open within the mechanism.

The most powerful argument against temporary shelving of the exchange-rate mechanism is of economic pain setting up," the economist said.

Some economists also see more than political See OPTIONS, Page 11

## Ousted Party In Japan Picks Comeback Chief

**By James Sterngold**  
*New York Times Service*

TOKYO — Battered though it may be by scandals and defections, the Liberal Democratic Party tried to begin its comeback Friday by selecting its youngest president in two decades and then attacking a coalition that seems bound to assume power next week, as the party tried out for the first time its role in the opposition.

In a surprisingly solid 208-to-159 vote, the party that has held power for nearly four decades rejected Michio Watanabe, 70, an old-timer who runs one of its largest factions, and instead chose Yukio Kono, a 56-year-old one-time rebel who has little influence but does possess the clean image the party desperately needs to recover its credibility.

His selection follows by one day the choice of Morihiro Hosokawa, a 55-year-old Liberal Democratic defector who has vowed to reform the political order, by a seven-party coalition as its candidate for prime minister. Mr. Hosokawa is almost certain to be formally elected prime minister in a special Diet session set to begin next week, ending 35 years of one-party rule in Japan.

"I am confident that I was elected because I was pro-reform," said Mr. Kono, who saluted his remarks with calls for change as frequently as the party had once called for stability. "All the party members feel the need for change."

He was quick to criticize Mr. Hosokawa and the coalition, however, as unstable. "We will be a fighting party," Mr. Kono promised.

"Can you really expect any new policies from them?" asked Finance Minister Yoshio Hayashi of the coalition, an alliance of forces from right and left.

Mr. Kono, the chief cabinet secretary in the outgoing government, was chosen with care to See JAPAN, Page 4

## Kiosk Christie Defeats Lewis in Showdown

The world record holder at 100 meters, Carl Lewis, not only was beaten Friday by the Olympic champion, Linford Christie of Britain, in their much publicized first race since the 1991 world championships but also finished third, behind another American, Jon Drummond. Christie's time in Gateshead, England, was 10.08. (Page 17)

| Dow Jones |          | Trib Index |        |
|-----------|----------|------------|--------|
| Down      | 27.95    | Up         | 0.32%  |
|           | 3,539.47 |            | 104.30 |

| The Dollar |            |                |
|------------|------------|----------------|
| New York   | Fil. close | previous close |
| Dfl        | 1.742      | 1.735          |
| Pound      | 1.4915     | 1.482          |
| Yen        | 104.75     | 105.505        |
| FF         | 5.974      | 5.938          |

## Film Fame and the Madonna Syndrome

**By Rick Marin**  
*New York Times Service*

NEW YORK — This story is not about Arnold Schwarzenegger, Madonna, Roseanne or Tom Arnold, Sharon Doherty, Sharon Stone or anyone who could be described as a "supermodel." Some celebrities have become so annoyingly overexposed that you can't stand to read, hear or speak another word about them. They are, in a word, overexposed.

This doesn't happen to every celebrity, just those who show up on three magazine covers in the same month and attend one too many klieg-lit movie premieres; those whose all-too-familiar faces turn up on everything from Burger King drink cups to the National Enquirer.

This isn't about them. It's about how they got to be them and the perils of the publicity machine.

Publicists blame the media. The media blame publicists. Few people with any link to the fame industry want to discuss the subject on the record, except to blame the celebrities themselves, who are often both perpetrators and victims.

No one is quite sure when Arnold Schwarzenegger, the biggest movie star in the world, became overexposed. When Columbia Pictures bought an ad for "Last Action Hero" on the side of a space shuttle? Or after the opening weekend grosses exposed this astronomically hyped movie as no blockbuster, just a bust?

Premiere, Entertainment Weekly, "John and Lesza," "Hard Copy," the E! channel — there just wasn't as much of this stuff around a few years ago. Don Schwartz, editor of the National Enquirer, said: "The public's attachment to a celebrity and their interest in a celebrity is more cyclical and turning over at a faster rate than ever before. What used to take a generation is down to a couple of years."

Overexposure occurs when famous people's artistic or box-office achievement doesn't equal the number of photographs of them in US magazines.

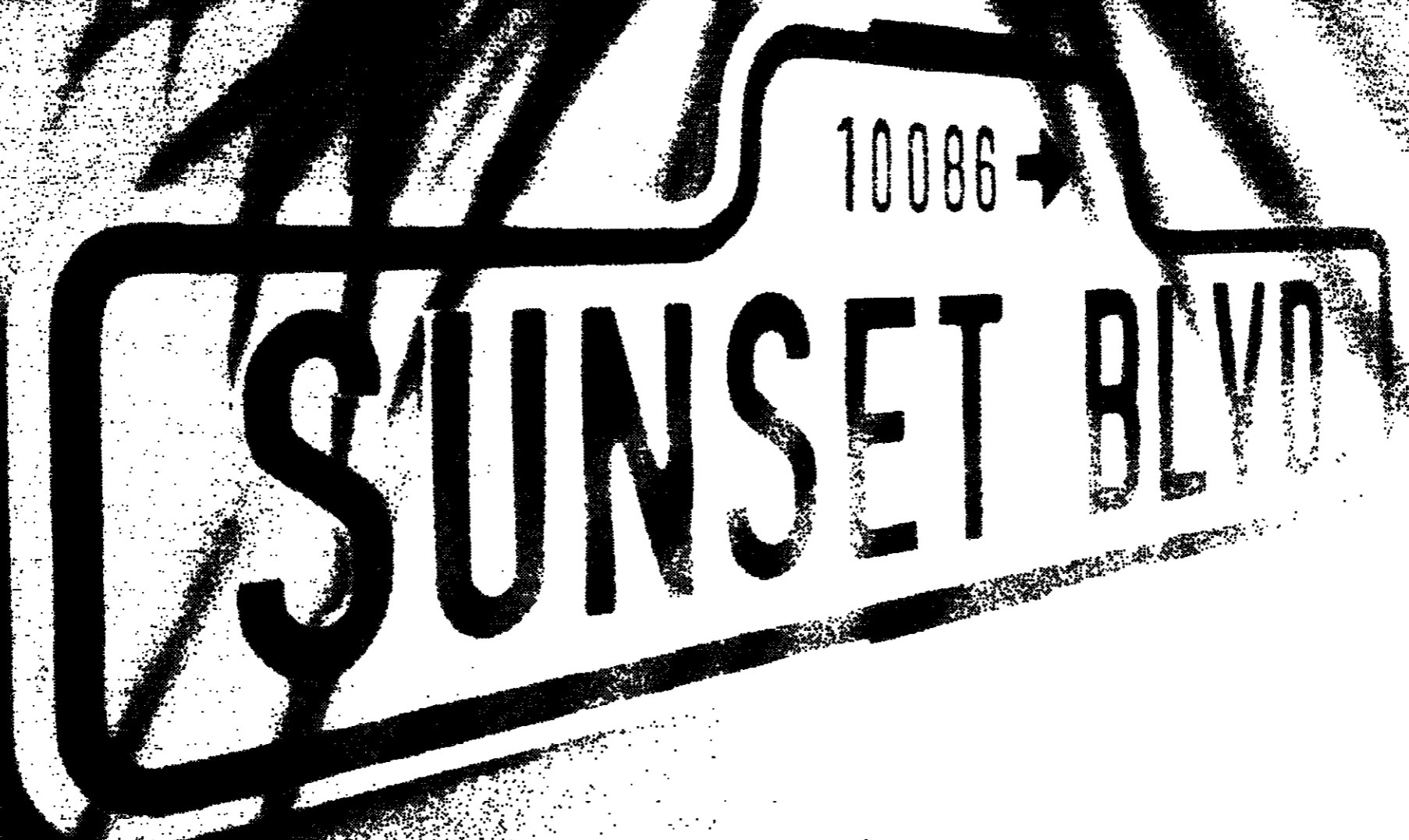
Most observers agree that in Mr. Schwarzenegger's case overexposure is in the hindsight of the beholder. "People are deemed overexposed after their movies fail," said one high-ranking studio executive. "If the movie works, they're geniuses. At the time of 'Terminator 2,' everybody said about Arnold, 'He's way overexposed, and we hear the See GLITZ, Page 2







1556



**"A GENUINE TRIUMPH"**  
LONDON DAILY MAIL

**"THE LUSH ROMANTIC LONGING OF THE MUSIC, THE SUPERB, MELODRAMATIC PLOT AND ANDREW LLOYD WEBBER'S MOST PERSUASIVE SCORE"**

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WALL STREET JOURNAL

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OPINION

Herald INTERNATIONAL Tribune

Published With The New York Times and The Washington Post

The Menace in Nicaragua

President Violeta Barrios de Chamorro's effort to reunify Nicaragua is in deep trouble. Her main problem is an abusive military establishment...

Ortega and his fellow officers have shown again and again that they are not interested in democracy. There have been alarming reports of human rights abuses by the military...

Tackling Asylum Abuse

The Clinton administration demonstrated this past week that it is serious about curbing immigration abuses. In its new proposals, more money is requested for border enforcement...

determination of asylum claims, a process that can take years. Most are free to work and travel, and few will be found or deported if they lose their appeals.

Protecting U.S. Tobacco

In a classically perverse attempt at protectionism, Congress is about to do serious damage to tobacco growers and workers through a clumsy effort to help them.

remember that trade runs in both directions — outward as well as inward. The cigarette companies export heavily — at present — from their U.S. plants.

Other Comment

A Marketplace Out of Control

Once again, the European Monetary System is in crisis. And, once again, blame is being directed at Frankfurt and London.

Saxon speculators. The German central bank has been doing its part since September by pursuing a policy of steady state cuts.

Demilitarize Bosnia or the Storm Will Spread South

By Misha Glenn

This is the second of two articles.

SALONIKA, Greece — In the spring of 1991, as Yugoslavia faced war and collapse, the presidents of Bosnia-Herzegovina and Macedonia, Alija Izetbegovic and Kiro Gligorov, together mounted a desperate...

The resolutely pro-Serb position of Sir Alfred Sherman, former policy adviser to Margaret Thatcher, attributes the war in Bosnia solely to what he imagines to be the Islamic world's determination to establish a bridgehead in Europe.

Bosnia-Herzegovina and Macedonia owed their very existence to a federal Yugoslavia, which protected them against potential claims on their territories by more powerful neighbors.

THIS explains why Albanian radicals in the province of Kosovo, which is constitutionally a part of Serbia, and in western Macedonia have selectively supported Serb secessionists in Croatia and the carving up of Bosnia-Herzegovina.

If the West allows the civilian population of Bosnia to die en masse, the Muslim population of the Balkans will avenge itself by provoking a war in Kosovo and Macedonia.

population is Albanian, and western Macedonia should not be allowed to attach themselves to Albania to create a Greater Albania.

Whenever war has broken out in the Balkans in this century, either Bosnia or Macedonia has been its main theater. Control of Bosnia guarantees strategic superiority in the northern Balkans.

Fragile Cambodia Tries To Remake Civil Society

By Anthony Lewis

PHNOM-PENH — The United Nations is so beset by problems these days that one remarkable success should be noted. That has been its effort to turn devastated Cambodia from endless war to national politics.

self a phenomenon. It is composed of equal members of two parties that fought each other in the election, and withdrew before the royalists, who won a few more seats, and the party of the former Communist government supported by Vietnam.



Peace Won't Be Built on Dead Ground

By William Pfaff

PARIS — The power of the weak lies in their capacity to endure the punishment of the strong, to the strong's frustration. On Israel's Lebanon front, the situation is a half-million of the weak now are being driven northward from their homes.

operation is to cause Lebanon to halt Hezbollah attacks on Israel — and everyone understands that Damascus determines what Beirut does.

An Endurance Test for Christopher

THE CLINTON administration prepares to raise its mediating profile by sending Secretary of State Warren Christopher to the Middle East.

The irony in this situation is that Israel's attack on Lebanon was undertaken by Yitzhak Rabin in an attempt to make peace. Mr. Rabin has been under intense pressure to make no concessions to the Palestinians in the peace talks.

International Herald Tribune advertisement listing staff members: KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER, RICHARD McLEAN, JOHN VINOCUR, etc.

Historical snippets: 1893: The China Treaty; 1943: Rebellion in Italy; 1918: Blow to Germany. Includes text about the Boxer Rebellion and the Italian Revolution.



# NYSE

Friday's Closing  
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month High Low Stock Div Yld PE Ratio

| 12 Month High | Low    | Stock        | Div  | Yld | PE Ratio |
|---------------|--------|--------------|------|-----|----------|
| 110.00        | 105.00 | IBM          | 1.50 | 1.4 | 15.0     |
| 100.00        | 95.00  | Microsoft    | 0.00 | 0.0 | 18.0     |
| 90.00         | 85.00  | Apple        | 0.00 | 0.0 | 20.0     |
| 80.00         | 75.00  | Oracle       | 0.00 | 0.0 | 22.0     |
| 70.00         | 65.00  | Sun          | 0.00 | 0.0 | 25.0     |
| 60.00         | 55.00  | Novartis     | 0.50 | 0.8 | 12.0     |
| 50.00         | 45.00  | Novo Nordisk | 0.00 | 0.0 | 15.0     |
| 40.00         | 35.00  | Novartis     | 0.00 | 0.0 | 18.0     |
| 30.00         | 25.00  | Novartis     | 0.00 | 0.0 | 20.0     |
| 20.00         | 15.00  | Novartis     | 0.00 | 0.0 | 22.0     |

| Symbol       | Price  | Change | Volume  |
|--------------|--------|--------|---------|
| IBM          | 108.00 | +1.00  | 1000000 |
| Microsoft    | 98.00  | +0.50  | 800000  |
| Apple        | 88.00  | +0.20  | 600000  |
| Oracle       | 78.00  | +0.10  | 500000  |
| Sun          | 68.00  | +0.15  | 400000  |
| Novartis     | 58.00  | +0.10  | 300000  |
| Novo Nordisk | 48.00  | +0.05  | 200000  |
| Novartis     | 38.00  | +0.05  | 150000  |
| Novartis     | 28.00  | +0.05  | 100000  |
| Novartis     | 18.00  | +0.05  | 80000   |
| Novartis     | 8.00   | +0.05  | 60000   |

| Symbol   | Price | Change | Volume |
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INDEX

SCENE

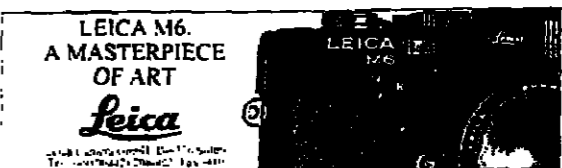
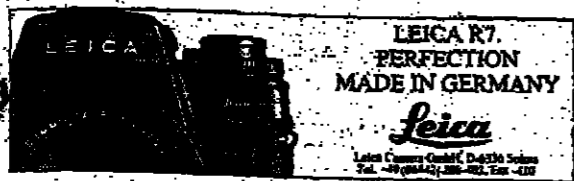
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a Small Firm

CURRENT

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THE TRIB INDEX: 104.30
International Herald Tribune World Stock Index of 230 internationally investable stocks from 20 countries, compiled by Bloomberg Business News, Jan. 1, 1992 = 100.



The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden and Switzerland.

Table with 3 columns: Asia/Pacific, Europe, N. America. Includes sub-tables for Industrial Sectors like Energy, Utilities, Finance, Services.

Table with 3 columns: Asia/Pacific, Europe, N. America. Includes sub-tables for Industrial Sectors like Energy, Utilities, Finance, Services.

ECONOMIC SCENE

Misconceptions Flourish In Debate on Small Firms

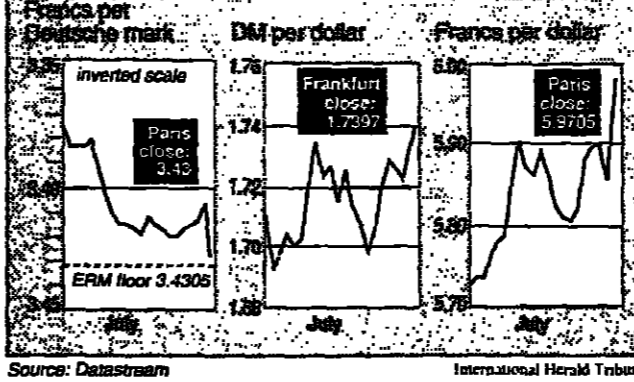
WASHINGTON — In the heat of this summer's budget battle, President Bill Clinton and his Republican opponents are both vying for the title of champion of small business. The contest has churned up a number of cherished misconceptions about the small-business sector of the economy.

European Stocks Hail Currency Grid's Upheaval

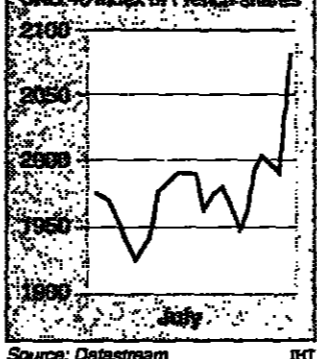
Hope of Interest-Rate Cut Lifts All but German Shares

FRANKFURT — Stock prices climbed on most European markets Friday amid speculation that a collapse of Europe's exchange-rate mechanism would allow central banks to slash interest rates across the recession-stricken continent.

Weaker Franc, Stronger Dollar



Boost to the Bourse



Gold's Gains



Dollar Gains Against Mark, Gold Price Surges \$9.20

NEW YORK — The dollar continued its rise Friday against the Deutsche mark and the French franc in moderately active but nervous trading overshadowed by the turmoil in the European Monetary System.

Corporate Europe Roots for Lower Rates

LONDON — European executives said Friday that their companies were likely to benefit from the collapse of the EC currency grid, which would clear the way for interest-rate cuts that would help end the continent's recession.

One company that said it would benefit from an ERM collapse is Swissair. It is talking with KLM Royal Dutch Airlines, Scandinavian Airlines System and Austrian Airlines about an alliance, and said there could be immediate advantages from the currency turmoil.

French Unemployment Up

PARIS — French unemployment rose by 44,600 in June to a record 3,185,800 — 11.6 percent of the work force — the Labor Ministry said Friday.

Brazil Wonders: Is New Real for Real?

RIO DE JANEIRO — With the zeros from hyperinflation clogging calculators and spilling off the edge of checks, Brazilians will top three of them off their money on Sunday and adopt their fourth currency in seven years — to be called the cruzero real.

Advertisement for Sprint Express international calling service, featuring a woman on a phone and the text 'How to make an international call without Sprint Express.'

CURRENCY & INTEREST RATES table with columns for Cross Rates, Eurocurrency Deposits, and Key Money Rates.

Advertisement for Sprint Express international calling service, featuring a woman on a phone and the text 'How to make an international call with Sprint Express.'

MARKET DIARY

STOCKS: Gaining in Europe

(Continued from page 9)
Losses in Dow components Minnesota Mining & Manufacturing and Walt Disney put additional burdens on the key barometer. JM was down 3/4 to 105 after reporting lower-than-expected second-quarter earnings of \$1.51 a share, which was up from \$1.45 a year ago. Growth in earnings was hampered by weakness in Europe and the strong dollar. Disney weakened 1 1/2 to 37 1/2 after reporting reduced income on Thursday. Its earnings also were impacted by the weak European economy, which hit its Euro Disney amusement park. The Dow transportation average was sharply higher, rising 19.66 points to 1,531. It was boosted by falling oil prices and an earnings upgrade on UAL Corp. by Salomon Brothers Inc. UAL rose 5 to 144. General Motors was the most active New York Stock Exchange issue, up 3/4 to 48 1/2 after a rating upgrade from S.G. Warburg & Co. The top U.S. automaker reported improved second-quarter results Thursday. Merck followed, up 1/4 to 30 1/2 after published report said its planned takeover of Medco Consumer Services was unlikely to trigger a strict government review. Medco, which trades over the counter, rose 1/2 to 34. RJR Nabisco Holdings was third on the New York Stock Exchange, unchanged at \$18. On Thursday, it reported second-quarter earnings of 6 cents a share, compared with 7 cents a year ago. (Knight-Ridder, UPI, Bloomberg)

Blue Chips Battered

Computer-driven selling programs and weak earnings news combined to send the Dow Jones industrial average down 27.95 points, to 3,539.47, news agencies reported from New York. Microsoft tumbled 5 points to 74 after it told analysts its sales

N.Y. Stocks

growth would slow in the current financial year. Among other prominent losers, A.I. Laboratories fell 8 1/2 to 14 1/2 after reporting income from continuing operations fell to 12 cents per share in the second quarter from 23 cents a year earlier.

DOLLAR: Currency Makes Gain

Continued from Page 9
European currency chaos, the dollar slipped toward post-World War II lows against the yen, which was also a beneficiary of the European currency chaos. The dollar closed at 104.75 yen Friday, close to its record of 104.20 yen, compared with 106.505 yen on Thursday. Against other currencies that are

Foreign Exchange

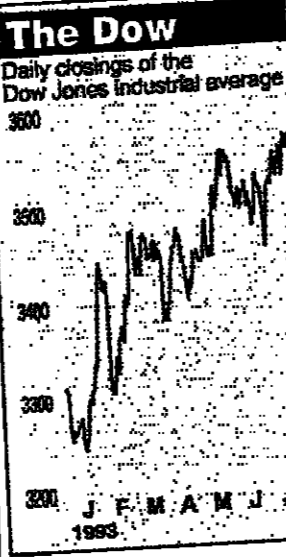
outside the European mechanism, the dollar dipped to 1.5335 Swiss francs from 1.5285 francs Thursday, and stood almost even against the pound, at \$1.4819 from \$1.4820.

The prospect that European governments might act over the weekend to realign currency rates kept the market tense.

Finance Minister Edmund Alphandery and his German counterpart, Theo Waigel, announced they would meet in Paris on Tuesday as part of regular French-German consultations. But many in the market said such a meeting would have to be taken before then.

One idea is that the limits on currency movements within the EMS would be relaxed. The six core currencies in the system — the mark and franc plus the Dutch guilder, Belgian franc, Irish punt and Danish krone — now are allowed to fluctuate by 2.25 percent on either

The Dow



NYSE Most Active

Table listing NYSE Most Active stocks with columns for Volume, High, Low, Last, and Change.

NYSE Diary

Table listing NYSE Diary with columns for Volume, High, Low, Last, and Change.

Amex Diary

Table listing Amex Diary with columns for Volume, High, Low, Last, and Change.

NASDAQ Diary

Table listing NASDAQ Diary with columns for Volume, High, Low, Last, and Change.

Dow Jones Averages

Table showing Dow Jones Averages for Industrial, Transport, Finance, and Composite.

Standard & Poor's Indexes

Table showing Standard & Poor's Indexes for Industrial, Transport, Finance, and Composite.

NYSE Indexes

Table showing NYSE Indexes for Composite, Industrial, Finance, and Utilities.

NASDAQ Indexes

Table showing NASDAQ Indexes for Composite, Finance, and Technology.

AMEX Stock Index

Table showing AMEX Stock Index with High, Low, Close, and Change.

Dow Jones Bond Averages

Table showing Dow Jones Bond Averages for 30 Bonds and 10 Industrials.

Market Sales

Table showing Market Sales for NYSE 4 a.m. volume, NYSE 9 a.m. volume, and NASDAQ 9 a.m. volume.

N.Y.S.E. Odd-Lot Trading

Table showing N.Y.S.E. Odd-Lot Trading for July 29 and 30.

S&P 100 Index Options

Table showing S&P 100 Index Options for July 30.

EUROPEAN FUTURES

Table showing European Futures for Food, Metals, and Financial.

DEPARTMENT OF TREASURY (LIFED)

Table showing Department of Treasury (LIFED) for Government Bonds.

Stock Indexes

Table showing Stock Indexes for NYSE, AMEX, and NASDAQ.

Spot Commodities

Table showing Spot Commodities for various goods.

Dividends

Table showing Dividends for various companies.

U.S. FUTURES

Table showing U.S. Futures for Grains, Metals, and Livestock.

Belgium Adds to Deficit Cuts

BRUSSELS — Belgium's government arranged measures on Friday to cut its budget deficit by 26 billion francs (\$72.6 billion) next year, seeking to meet the European Community's criteria for economic and monetary union. The deficit reductions, to be achieved largely through privatizations, are in addition to 113 billion francs of cuts for the next two years that were agreed to in March. At the time, the government predicted the economy would grow 0.7 percent this year, but it now expects a contraction of up to 1 percent. Even that forecast was clouded by pressure on the Belgian franc Friday that forced the central bank to raise interest rates.

WORLD STOCK MARKETS

Large table listing World Stock Markets for various countries including Amsterdam, Brussels, Frankfurt, London, Milan, Madrid, Sao Paulo, Singapore, Zurich, Stockholm, Toronto, and Montreal.

U.S. FUTURES

Table showing U.S. Futures for Grains, Metals, and Livestock.

U.S./AT THE CLOSE

U.S. Home Sales Up, but Income Flat

WASHINGTON (AP) — Sales of new U.S. homes rose a stronger-than-expected 11 percent in June to the second-highest level in nearly four years, the government said Friday. Sales were up in every region except the West. U.S. personal income, meanwhile, stagnated in June but Americans kept on spending anyway. Personal income was unchanged at a seasonally adjusted annual rate of \$5.3 trillion, breaking a string of six consecutive increases, the Commerce Department said. Spending on the other hand, rose 0.6 percent to a seasonally adjusted annual rate of \$4.32 trillion. It was the third consecutive increase, following gains of 0.4 percent in May and 1.3 percent in April.

3M Earnings Gain Braked by Dollar

ST. PAUL, Minnesota (Bloomberg) — Minnesota Mining & Manufacturing Co. said Friday that second-quarter earnings had risen 4.2 percent to \$331 million, as U.S. gains were dampened by European weakness and the strong dollar. Results were slightly less than expected. The company said the strong dollar trimmed about 6 cents a share from the results. Sales edged up to \$3.54 billion, from \$3.52 billion. The company said it continued to achieve strong growth in Latin America and in many Asian countries, and looked for higher earnings for the year as a whole.

Apple Drops First Newton on Market

CUPERTINO, California (Bloomberg) — Nearly 15 months after it unveiled the Newton Personal Digital Assistant, Apple Computer Inc. said the actual product would go on sale Monday. Called the Newton MessagePad, the new device will sell for about \$700, weighs less than a pound and can send faxes. Ken Fearnham, computer analyst for Robertson, Stephens & Co., remained skeptical. "There's no consensus that consumers actually need a personal communicator," he said. "They're trying to build a market from scratch and that's the toughest thing to do."

K-III Quarter Loss Put at \$17 Million

NEW YORK (Bloomberg) — K-III Communications Inc., controlled by the New York buyout firm Kohlberg Kravis Roberts & Co., said Friday that its second-quarter loss had narrowed to \$17.5 million from \$45.3 million in the same period last year. The media company posted second-quarter earnings before interest, taxes, depreciation and amortization of \$40.1 million, up from \$36.4 million a year ago. Sales rose to \$207.5 million from \$190.5 million.

Allegheny to Acquire Underwriters

NEW YORK (AP) — Allegheny Corp. said Friday it had agreed to acquire Underwriters Insurance Co. for \$203 million from a holding company whose owners include management, The Continental Corp. and Goldman, Sachs & Co. Underwriters Insurance, based in Woodland Hills, California, has assets of \$1.1 billion.

Aetna Credits Cost-Cutting for Profit

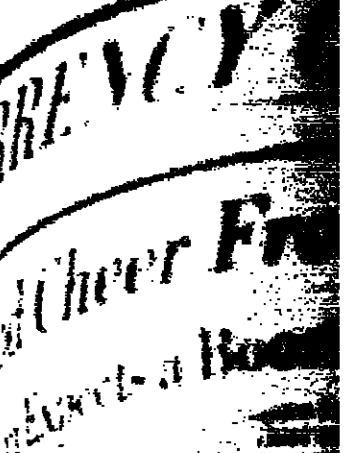
HARTFORD, Connecticut (Bloomberg) — Aetna Life & Casualty Co. said Friday its cost-cutting efforts helped the diversified insurer post a profit from operations in the second quarter. The insurer said it posted second-quarter profit from operations of \$153 million, reversing a loss of \$32 million a year ago.

Microsoft Data Reportedly Sought

CHICAGO (Reuters) — The Justice Department has received clearance to review the Federal Trade Commission's deadlocked investigation into alleged anticompetitive practices by Microsoft Corp., the Chicago Tribune reported Friday. A company spokeswoman denied knowledge of it. In Redmond, Washington, Microsoft warned of a major slowdown in earnings and its stock price sank in heavy trading.

U.S. FUTURES

Table showing U.S. Futures for Grains, Metals, and Livestock.



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CURRENCY CRISIS / ANY WINNERS?

Good Cheer From Anglia to Saxony Britain Expects a Boost Praise for Bundesbank

LONDON—Crisis? What crisis? As the European Community's currency system buckles, and with perhaps the dream of a common European currency, British policymakers, industrialists, and investors are generally feeling good.

Agence France-Press BONN — The German press on Friday roundly praised the Bundesbank's decision to focus on domestic inflation concerns instead of battling out its European Monetary System partners by reducing interest rates.

Grid's Long Unraveling Began With Danish Vote

BRUSSELS — The European Monetary System's exchange-rate mechanism has been under pressure for more than a year, starting with Denmark's rejection of the Treaty on European Union. This is a chronology of the events leading up to the currency turmoil that this week saw the exchange-rate grid on the verge of collapse.

Investor's Europe. Table with columns for Exchange, Index, Friday Close, Prev. Close, % Change. Rows include Frankfurt DAX, London FTSE 100 Index, Paris CAC 40, Amsterdam, Brussels, Frankfurt, Helsinki, London, Madrid, Milan, Paris, Stockholm, Vienna, Zurich.

GRID: Central Banks Challenged

Continued from Page 1 the franc fort, or strong franc, the cornerstone of its economic policy in recent years — vowed to resist. Prime Minister Edouard Balladur said the monetary system was continuing to function and pledged that "France will not allow anything to be imposed on it."

OPTIONS: Burial or Forge On?

Continued from Page 1 Worst, most experts see devaluations as only creating a new set of targets for the market to shoot at. Having made handsome rewards betting on a devaluation, they would certainly be emboldened to try it again.

EUROPE: Rooting for Rate Cuts

Continued from Page 9 could not be compensated for by price increases, which would meet consumer resistance. Siemens AG, the electronics concern, appeared more sanguine. "We invoice some 80 percent of our exports in Deutsche marks and only 20 percent of exports are subject to currency fluctuations, so we can't be hit that badly," a spokesman said.

NASDAQ Friday's Prices

NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a day.

Large table containing NASDAQ stock prices, organized into columns with headers like 'High', 'Low', 'Last', 'Change', 'Volume'. Includes various stock symbols and their corresponding market data.

Very briefly: Lloyds Bank PLC reported a 35 percent rise in first-half profit to £498 million (\$740.5 million). The improvement, which came largely from a drop in bad-debt charges, is likely to be echoed in other major British banks' results over the coming week, analysts said.

A GM Talkout at VW Corral?

WOLFSBURG, Germany — The Volkswagen AG chief executive, Ferdinand Piëch, on Friday suggested a meeting with John F. Smith Jr., his counterpart at General Motors Corp. The two giants of the automotive industry have been engaged in a legal battle as well as a war of wits.

NYSE Friday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press.

(Continued)

Table with columns: 12 Month High/Low, Div, Yld, PE, High, Low, Last, Chg. Lists various NYSE stocks.

Table with columns: 12 Month High/Low, Div, Yld, PE, High, Low, Last, Chg. Lists various NYSE stocks.

Table with columns: 12 Month High/Low, Div, Yld, PE, High, Low, Last, Chg. Lists various NYSE stocks.

SMALL: Misconceptions Flourish in U.S. Debate on Business Tax Policy

Continued from page 9. Bradstreet's data as inaccurate and Mr. Birch's method of analyzing it as deficient. For all the deficiencies, this ground-up view has allowed Mr. Birch to spot structural shifts within the economy that are often not apparent in the aggregate data...

Table with columns: 12 Month High/Low, Div, Yld, PE, High, Low, Last, Chg. Lists various NYSE stocks.

INTERNATIONAL FUNDS

Questions supplied by funds listed. Not exact but approximations are supplied by the Funds listed with the exception of some options based on issuer prices.

Large table listing various international funds with columns for fund name, share price, and other details.

Large table listing various international funds with columns for fund name, share price, and other details.

RESULTS

Table listing results for various funds, including fund names and share prices.



THE MONEY REPORT

Saturday-Sunday, July 31-August 1, 1993 Page 14

FIRST COLUMN

EMU, a Bird That Never Will Fly

THE Bundesbank's failure to throw the European economy a life preserver this week represents the final nail in the coffin of European monetary union...

The funny thing, however, is that you don't need an MBA, a grasp of currency-market arcana, or even a knowledge of what the letters EMS and ERM stand for...

But were it the French franc, the Danish krone or the British pound — already an ERM casualty — that was viewed as the world's strongest and most stable currency...

Another reason, which the educated, idealist architects of Maastricht struggled over when the whole thing was still on the drawing board...

The ERM may survive this latest assault and it may not. But it's time to let go of the illusion of an ECU-spending Europe by the year 2000...

Swiss Companies Lift the Veil and Equities Like the Light

By Philip Crawford

SWITZERLAND'S luster as the jewel of the international banking community may have faded with the emergence of offshore centers, but its equity market appears to be recovering much of the shine it enjoyed before the crash of '87.

So far this year, the Swiss Performance Index's growth rate of 21 percent has outpaced most major indices, including the Standard & Poor's 500 (3 percent), the FT-SE 100 (4 percent), and the International Herald Tribune World Stock Index (12 percent).

Moreover, adherence to international accounting standards and full disclosure of revenues, profits and losses are becoming the norm rather than the exception for Swiss companies, say analysts...

"You can't think of the Swiss market the way you used to," said Serge Ledermann, a Swiss market specialist with the Geneva private banking firm Lombard, Odier & Cie.

A noteworthy aspect of the Swiss market, Mr. Ledermann said, is that most of its prime companies have extensive international exposure, making forecasting not just a matter of looking at the state of the Swiss or European markets...

Many other Swiss market analysts, while taking their own views on the global economy, concur with the Lombard Odier report on the main point for investors: The Swiss market is home to some attractive equities.

is pharmaceutical giant Sandoz AG, the 13th largest pharmaceutical company worldwide and a leader in certain fields, such as immunology. In addition to pharmaceuticals, Sandoz has strong businesses in general chemicals (its original product line), agrochemicals and seeds.

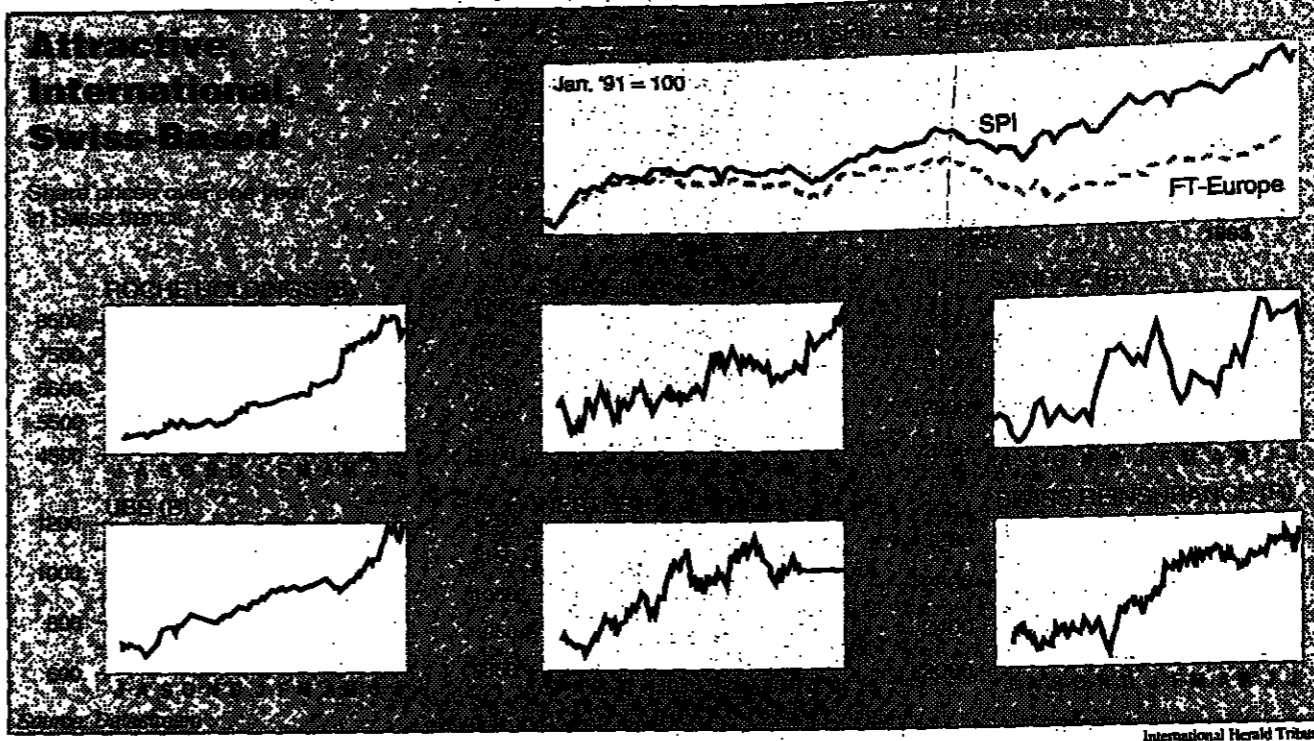
"Sandoz is a very good story," said James McKean, who covers the company for Morgan Stanley in London. "It hasn't performed in line with the Swiss market lately because recent management changes have caused a little uncertainty."

Mr. McKean also recommended shares in Roche Holding AG, Switzerland's third largest pharmaceutical/chemical company behind Ciba-Geigy AG and Sandoz.

The venerable Swiss banks, while no longer the belles of the international ball, are still worth courting, say some pundits. Of the big three — Union Bank of Switzerland, Swiss Bank Corporation and Credit Suisse Holding — UBS appears to be getting the most dates.

"It's a matter of whether the good news is already in the price," said Derek Bullman, who tracks Swiss banks for James Capel & Co. in London. "UBS has gone up quite a bit, and may not grow much more, but we're still got a 'buy' on it, as we do for SBC. We're holders of Credit Suisse."

One such company, say market-watchers, is pharmaceutical giant Sandoz AG, the 13th largest pharmaceutical company worldwide and a leader in certain fields, such as immunology.



But Ian McEwen, a banking analyst at Merrill Lynch in London, thinks the Swiss majors have seen their summit. "They're all good companies," he said, "but the good news is already in the price."

Food giant Nestlé SA, the global industry leader with 452 plants in 69 countries, is also getting the nod from some analysts. While Nestlé's hundreds of brand-name products continue to maintain high market shares in Europe, the company appears to be particularly benefiting from its strong positions in North America and in Asia.

who covers the company for NatWest Securities in London. "Most large branded food companies have been under pressure lately, as evidenced by the events at Philip Morris and at Procter and Gamble, and the market is a bit twitchy just now. But Nestlé is fundamentally very strong."

A sleeper in the Swiss equity spectrum, says some analysts, is the risk-control concern Société Générale de Surveillance. Surveillance provides a wide range of control services, such as assuring that shipping deliveries arriving at the dock are indeed what the buyer contracted for, verifying that environmental laws and agreements are observed, and inspecting various forms of industrial goods.

about four times the size of its nearest competitor. Its 1992 operating profit of 218 million francs was up by 6.9 percent, and we feel the company has shown itself to be virtually recession-proof.

"Turning to another sector, Mr. Ledermann said he also had a "buy" recommendation on Swiss Reinsurance Co., whose AAA bond rating was affirmed in June by Standard & Poor's. Swiss Re has changed its focus, Mr. Ledermann said, from solely reinsurance to about 50 percent direct insurance, a move that has helped its balance sheet. Changes in management over the past three years have also been a plus, he said, as the current team of executives is "very shareholder-minded."

Gold Funds table comparing various funds like Mercury Gold & General, M&G Island Gold, etc., with their performance since January 1, 1993 and since July 1, 1992. Includes a line graph showing Gold price trends.

Prospectors in Gold Market, Beware

By Digby Larner

FOLLOWING its recent flirtation with the \$400-per-ounce barrier, the price of gold finally smashed through it on Friday, gaining over \$10 to open at \$404.40 in Luxembourg.

But gold investors best not get complacent just yet. True, gold prices have risen pretty steadily since January, nicely boosting shares in gold companies and gold funds, which are highly geared relative to gold's commodity price.

Bullion prices for the last year give some idea of the extent of the gearing. In the 12 months to July this year, the price of gold bullion has increased by 40 percent. Over the same period, the Morgan Stanley Gold Index rose 113.9 percent and the FT Gold Mining Index gained 17.5 percent.

In Britain, the top-performing gold funds unit trust is the Mercury Gold and General fund, which has grown by an incredible 255 percent since the beginning of the year.

Unfortunately, analysts are divided over whether or not investors should now consolidate their gains by moving into something less volatile or stay where they are.

Brian O'Neill, a fund manager with Gartmore Investment in London, believes gold has had its day, at least for a while. He said: "It's too late to make money in the short term because the market has already moved a great deal. I have a New Zealand gold share that has gone up 10 times in the last six months. I doubt it will do the same during the next six months."

The downward trend in interest rates looks the most promising. During the price explosion of the 1970s, when the gold price leapt from \$35 in 1972 to \$830 in 1980, interest rates were low or even negative. In the 1980s, when gold fared less well, interest rates were historically very high.

"For the first time in a generation," said Mr. Wann, "cash became an inflation hedge." He added that although gold has probably moved as far as it can in the short term, there are still opportunities in the long term. "Right now, gold is a little ahead of itself and in the short term has probably had its run. On the long-term cycle, though, I think the price is still a little bit low. The tendency towards higher inflation in the world over the next few years makes it a much better long-term bet."

Not everyone shares this view. David Hutchings, who manages the M&G Gold and General Fund in Britain, believes there is still scope upward potential in the short term. He said: "Sentiment is the exact opposite of a year ago. Last year, nobody wanted to know about gold and said it was over. If you had invested then, people would have said you were wasting your money. Yet, look what's happened. Our own fund is up almost 180 percent in just six months. Now everyone's talking gold and they want it to go up."

But he admits that after the gains funds have already made, it demands a great deal of courage to stick with gold. "Sure, wouldn't put my life savings on it and this isn't an investment for widows and orphans, but I'd want some continuing involvement," he said.

Mr. O'Neill remains unconvinced. He believes the all-time high prices of commodities have little to do with their future potential. He said: "The price of gold is whatever supply and demand says it is. If people were after a commodity that looks cheap, they'd be going for tin, which is at a 20-year low."

Advertisement for International Herald Tribune (IHT) with headline 'New leadership in Japan' and subscription offer 'Subscribe and save up to 44% off the newsstand price'.

Subscription Rates & Savings of IHT Newsstand Prices table with columns for Country/Currency, 12 months, 6 months, 3 months, and 1 month rates.







SPORTS ATHLETICS

Christie Speeds Away From Lewis in First Showdown Since 1991

A Comeback Gone Awry Is Described By Celtic's Widow

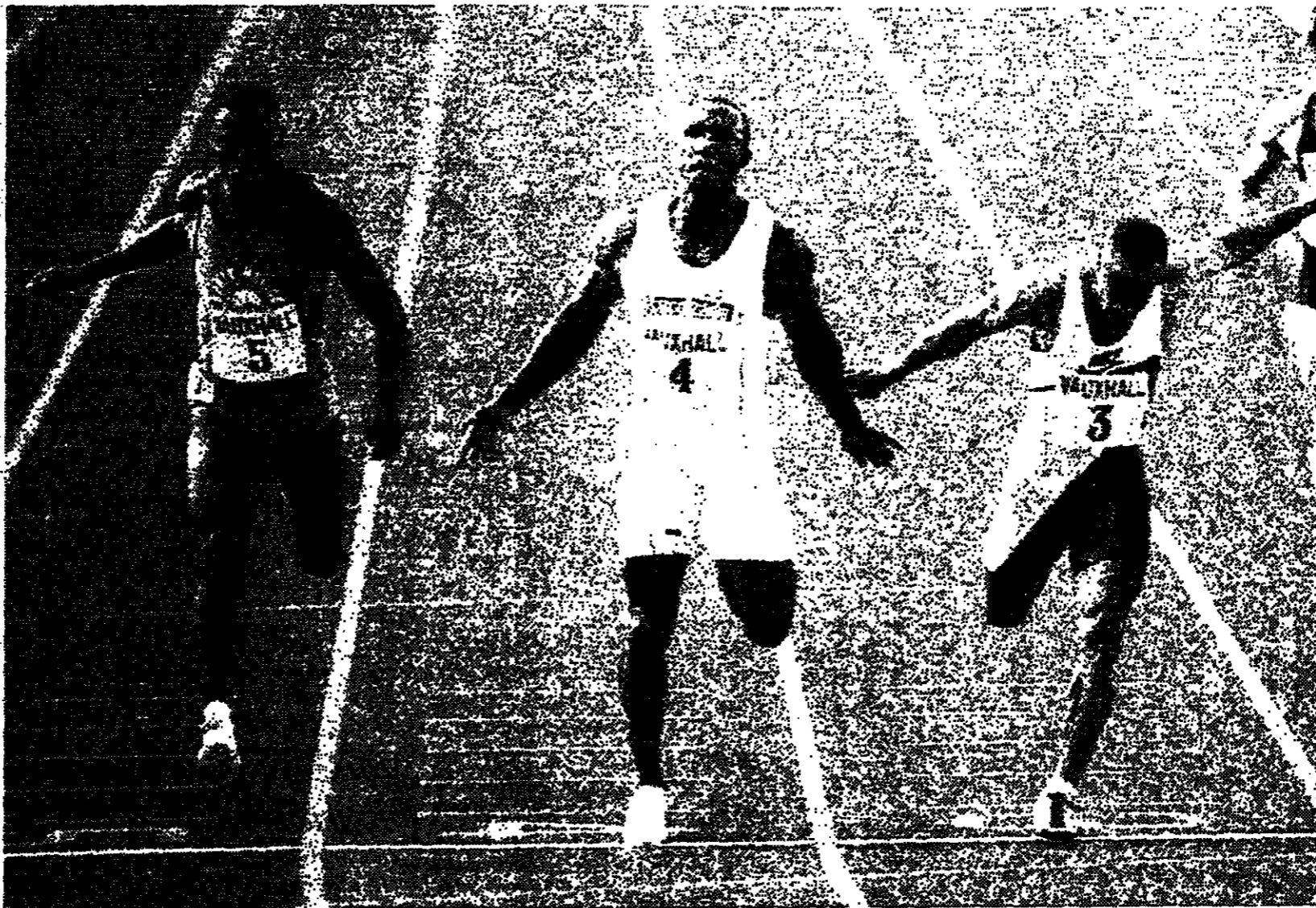
By Malcolm Moran
New York Times Service
BOSTON — The widow of Reggie Lewis has maintained that her husband was in the early stages of a carefully constructed yet uncertain comeback attempt when the captain of the National Basketball Association's Boston Celtics collapsed and died while shooting baskets Tuesday evening.

firm reports that Lewis and his family had sought a third opinion from a southern California-based group of specialists that included Dr. William G. Stevenson of the University of California, Los Angeles Medical Center.

The statement said her husband had planned to practice in his hometown of Baltimore under the supervision of Dr. Gilbert Mudge, who concluded in May that the 27-year-old's collapse during a playoff game on April 29 had been the result of a correctable nerve disorder rather than the life-threatening heart condition that was diagnosed by a group of heart specialists assembled by the Celtics.

"Even if cleared to play," the statement said, "Reggie's advisers had decided, in conjunction with the third opinion, to allow Reggie to play only if the Celtics provided a defibrillator machine at all practices and games."

Her statement went on to con-



Linford Christie, center, defeating Jon Drummond, right, and Carl Lewis over 100 meters at Gateshead, England. Their times were 10.08, 10.12 and 10.22 seconds.

American Finishes 3d

Compiled by Our Staff From Dispatches
GATESHEAD, England — The world record holder Carl Lewis was not only beaten Friday by the Olympic 100-meter champion Linford Christie of Britain in their much publicized first race since the 1991 world championships, but finished third, behind another American, Jon Drummond.

The American has collected eight Olympic golds, including two in the 100 meters in 1984 and 1988. The long-awaited race took place before a sell-out crowd of 14,797 at the Gateshead stadium, beating the previous best by some 2,000.

SIDELINES

Bernès Appeals to Supreme Court

VALENCIENNES, France (AFP) — The lawyer Jean-Pierre Bernès, the Marseille soccer team's former general manager who has been accused for attempting to fix a match, has petitioned France's supreme court of appeal to move his case out of court in Valenciennes.

Giants' Guard Barred for Steroids
NEW YORK (AP) — The NFL suspended the New York Giants' starting right guard, Eric Moore, on Friday for the team's first four regular-season games for violating the league's policy on anabolic steroids and related substances.

For the Record

Yobes Ondieki, world record-holder in the 10,000 meters, will not run in the world championships in Stuttgart next month because he failed to show up for Kenya's team selection trials, officials said.

Singh Sets Record With 66, Baker And Forsbrand Still Lead in Golf

Compiled by Our Staff From Dispatches
GOTHENBURG, Sweden — Peter Baker of Britain and Anders Forsbrand of Sweden still led Friday after two rounds of the Scandinavian Masters golf tournament, but they were now being threatened by Vijay Singh of Fiji, who broke the Forsbrand's course record.

Ames, who has gone into something of a decline since his second place in the Moroccan Open early in the 1993 season.

Christie, who was hugged by his girlfriend after the race and joined by his father after the victory lap, said it was Drummond's stunning speed off the blocks that led him to victory.

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TWOFERS By Martin Fass

ACROSS
1 Legendary movie
6 Jelly ingredient
10 Mexico
14 Hourly
19 Gown's capital

81 Chl. transportation
82 Smallest of the Cyclades
83 Locals of the Conqueror's tomb

191 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18
192 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100

France Hits Buoy in Admiral's Cup

The Associated Press
COWES, England — Defending champion France suffered a setback Friday when its 50-foot (15-meter) yacht hit a buoy during the first off-shore race of the Admiral's Cup competition.

The one-ton class was led by German skipper and owner Willi Illbruck, who almost pulled out after his yacht, Pinta, also suffered serious damage on the rocks outside Cowes. He said he thought the in-shore course was too dangerous.

Solution to Puzzle of July 24-25
ACROSS
1 Legend
2 King
3 Queen
4 King

1 More courageous
2 Pointed arch
3 Divided, as highways
4 Also starts
5 Navratilova/japan's actress Louisa

51 Make a new inventory
52 Seedless raisin
53 Betrug, in Brest
54 Party toilet sign?
55 "I...fool!" Dickens
56 Shoe width allowance?
57 Star in Aquila
58 Lumby
59 Avoids
60 Title for some madrilashes
61 Holding devices
62 Tobacco's tree structure?
63 Pope John XXIII's "in-Terris"

INTERNATIONAL CLASSIFIED (Continued From Page 4)
ESCORTS & GUIDES
BELLE EPOCH THE ESCORT SERVICE LONDON PARIS 071 937 8052
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MERCEDES LONDON ESCORT AGENCY MAJOR CREDIT CARDS ACCEPTED TEL: (071) 261 6666

DAVE BARRY

Space Station Lite

MIAMI — In today's edition of the "Science Nook" we're going to discuss some exciting developments in the field of putting porpoises in cows. But first we have a News Update concerning Space Station Freedom.

As you may recall, Space Station Freedom was one of several excellent science ideas that Ronald Reagan had back in the 1980s, when the federal government had big piles of spare money lying around. The space station's scientific purpose was to provide a place where astronauts with nicknames like "Hoot" and "Skeezer" could float around and conduct vital experiments to determine what happens when you expose plants and animals to zero gravity.

Actually, we already know what happens to them. They throw up. Even the PLANTS throw up. The point is that Space Station Freedom, through a complex process that is not understood by ordinary civilians, dumps money into the districts and states of influential members of Congress, thereby enabling them to claim that they have created jobs, which is of course the purpose of the federal government.

This is why, when we build a major weapon, rather than build it all in one place, we assemble it from tiny pieces, each one manufactured in a key district or state, always including West Virginia, home of Senator Robert "I'm Not a Large Albino Ferret, but I Play One on C-SPAN" Byrd (D-Park).

So far we've spent around \$9 billion on Space Station Freedom, and we've made tremendous progress by every conceivable standard of measurement, except the standard of having a station that we could put up in space. To do THAT, we'd have to spend a LOT more money, something like \$20 billion, not including the outdoor space barbecue grill option.

Ordinarily, our elected congressmen would think nothing of spending another \$20 billion, but recently they were shocked to discover, during a routine audit, that a gigantic federal budget deficit had somehow developed without anybody knowing about it or being responsible for it or anything. So now they're cutting spending like crazy. There was talk of cutting the

space station too. Fortunately, the project was saved when President Clinton endorsed a plan for a scaled-down version, sort of a Space Station Freedom Lite, which will cost only another \$10 billion. Of course the size reduction will require certain compromises: We'll have to use small astronauts with short nicknames and no more than two pieces of carry-on luggage, and they'll have to restrict their weightlessness experiments to very tiny organisms, such as germs.

HOUSTON MISSION CONTROL: How're they doing? ASTRONAUT (squinting into microscope): They're throwin' up, Houston.

So Space Station Freedom has been spared for now. We must keep up the pressure on Congress to keep Space Station Freedom alive. Even if it turns out to be too costly to launch into actual orbit, we should go ahead and build it, to create jobs. We could then put it in some area that could use a space station, such as West Virginia.

Meanwhile, we should all be thinking about the scientific implications of putting porpoises in cows. This is going on at Washington State University, according to a Seattle Times article sent to the Science Nook by many alert readers. The article states that an agriculture professor named Roger Calza has installed a 6-inch-wide tube in the side of a cow so that he can study what happens to undergraduates when they peer directly into a cow. ("They're throwin' up, Houston," Roger, Roger.)

No, that's not the reason. Calza installed the porthole so he can determine, for agricultural purposes, exactly what goes on in the interior of a working cow's stomach. It turns out that the scientific answer is: You don't want to know. Here at the Science Nook we are very excited about this discovery, and we think Congress should give Calza several billion dollars so he can create jobs by installing portholes in other types of organisms, including cats, snakes, boats etc. Maybe we could even gain important scientific insights into the legislative process by installing a porthole in the head of a member of Congress. Speaking of space.

There was talk of cutting the

Call It Rap, With Orwell and Camus

By Mike Zwern

NICE — Ishmael Butler has the same first name as the narrator of "Moby Dick." When I asked him if that was just a coincidence, he replied: "No. My father is a professor. He likes Herman Melville."

Along with Mary Ann Vieira ("Ladybug") and Craig Irving ("Doodlebug"), Ishmael Butler a/k/a "Butterfly" is one of three rappers in Digable Planets, and its leader and spokesman. The group's first album, "Rechin' (A New Refutation of Time and Space)" has been on the charts for five months and is approaching the promised land called Platinum: a million units moved.

"What are you reading now?" I asked him.

"Che Guevara's diaries. For the second time." We talked on successive afternoons — pre- and post-game, as he put it. In between, I'd heard their set. A live rhythm section and trumpet and alto saxophone and a DJ scratching LPs and programming samples synthesized with "spographics" or "azettes," as The Last Poets called their embryonic rap in the early '70s. The Digable Planets has an exceptional amalgam of aesthetic freshness, personal charm and commerciality. It is still nascent prodigy, they have a way to go. I'd had a similar flash of a future that seemed suddenly, for better or worse, inevitable hearing jazz-rock fusion (by the British group Soft Machine) for the first time in the summer of 1967, just down the coast in Saint-Tropez. In that case, others — Miles Davis, Joe Zawinul, John McLaughlin — would pick up the potential and carry the ball.

In this case, it struck me that Ishmael, more than the group itself, has the promising future. At 23 he is not somebody to be satisfied with predetermined categories. He said he was tired of being dug for the wrong reasons. Whatever is "wrong" or "right" about rap, a rapper is not all that he is, or will be.

"Hip-hop has to change all the time," he told Details magazine, "because the African-American community changes at such a rapid pace. Especially in the use of language. To manipulate language, to use it, juxtapose it, break it down, set it back. That's the fun part."

"Why are you reading Guevara's diaries twice?" I asked. "Revolutionaries are incredible," he said. "They sacrifice their own lives because they feel they can make a difference. And I think Che was a very hip guy, a very good person and quite a good thinker as well. As we talk around and see a lot of places and situations, I put myself in his position. I keep a journal too."

"You consider yourself a revolutionary?" "Not really. A revolution is no longer possible in America. It's too late. America is destroying itself because of greed. It doesn't love its own inhabitants. And we didn't write a pro-choice song to change the world. It doesn't work that way with us. Perhaps we can affect the lives of a few individuals along the way, but there's no hope for America."

"That's pretty depressing."

"No, just realistic. I'm not unhappy. I just think that the only people who have any chance to be happy are the ones who realize what's really happening in their existence. I mean, I steal a little bit from Camus, but it's true. You have to understand what's really going on to have the tools to be happy. Otherwise you're fooling yourself. You can only be happy if you are aware how bad things are."

Rap is often more interesting to write about than listen to. This is not the case with Digable Planets, but textual references to Orwell, Sartre, Dali and "Bird on a Wire," and musical samples of Herbie Hancock, Art Blakey and Sonny



Ishmael Butler, left in front row, and members of the Digable Planets.

Rollins may be amiable but come across like sound-dropping. The unrelenting drum machine can be mind rattling. I asked Butler if he didn't miss variety, melody for example.

"If somebody misses that" — he stroked his beard, "then they have to decide if they miss it badly enough to not listen to rap at all. Or do you just accept that you miss it? Because melody is definitely not there. I don't think it ever will be. And the way America is... how can you make melodies in a place like that?"

"What about machine-made swing?" "No machine can ever swing like Elvin Jones, but so what? Why does it have to? Swing is great but after you have done swinging there are other things you can do. Look, we have nothing to apologize for. Rap is a sort of jazz form of language, finding out new ways to say things, using words like nouns, putting them in lines, turning them upside down, inventing them. Rap is what it is, that's all it ever has to be. If it goes on to be something else, hey, that's great too. But what's happened is that so-called hard-core rappers go out there and say I shot this person, I slept with this or that woman and if you don't like it too bad. This is done by people who originally really lived that kind of lifestyle. But now they are successful, they are no longer in touch with their emotions."

His father, who got his Ph.D. three years ago, was studying for it while Ishmael grew up. There was not much money. But they also lived in "areas people might call ghettos" by choice; his father did not want to lose contact with the class of people he came from. Ishmael was "out on the streets. Every kid in the neighborhood was going to the corner store to take sodas; they rob, smoke weed, fight, have guns. In some cases I did those things too, and I got in trouble in my lifetime. But once I walked through the door of my house, I knew what was cool because my father was cool. He told me how not to succumb to that lifestyle. That's how I can sit here today and not be in jail or dead."

"Are you sure you're still in touch with your real emotions? What about the pressure of success?"

"Pressure only has meaning if the person who is in a pressurized situation acknowledges it. If I can deal with it, then it's not pressure any more. Success is a funny thing, man. You get your picture in a couple of magazines and soon that's all that matters. Our album has a lot of substance to it, but in America any political, social or cultural messages become diluted when millions of people are listening to you. It's more about what people are looking like than what they're looking at. I can't figure out why that is."

PEOPLE

It's McGinniss's Turn: Victim of Conspiracy?

Joe McGinniss, the widely criticized author of a new biography on Senator Edward Kennedy, says he is being wildly misjudged while "Teddy" is getting a free ride." McGinniss, who has been accused of plagiarism, trying to cash in on the Kennedy and simply writing a very bad book, said in an interview that he was the victim of a conspiracy by the Kennedy family to destroy his book and deflect attacks against the senator. Meanwhile, the book is reported to be selling briskly.

The "historical find of the century" or a hoax? The American publisher of a diary purportedly written by Jack the Ripper told The Washington Post that it will cancel the book if questions about the document's legitimacy cannot be resolved. The book is scheduled for worldwide release on Oct. 7, a date being touted by its English publisher as "the day the world's greatest murder mystery will be solved." But Nick Warren, editor of the journal Ripperman, called the book "an obvious hoax." John Ross, curator of the crime museum in New Scotland Yard, said, "The whole thing's preposterous. At best, it's another suspect. But we've got suspects coming out of our ears."

Celebrity auctions: The handwritten lyrics to John Lennon's song "I Am the Walrus" were sold in London to a private collector in St. Louis, Missouri, for \$40,000 (about \$60,000), and a collection of 3,000 photographs of the Beatles went for \$22,000. Earlier, the same collector bought Edna Smita's collection of 48,000 records for \$181,000 (\$269,000). The proceeds went to a charity for AIDS victims. Meanwhile, 60 Soubry's experts are assessing the value of 75,000 bottles of wine and 3,500 works of art that Princess Gloria von Thurn und Taxis is putting up for sale Oct. 12-21, along with a third of the estate's porcelain and jewelry, in order to pay off hefty death duties on the family fortune.

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WEATHER

THIS WEEKEND AT THE BEACH

Table with weather forecasts for Europe, including locations like Algiers, Amsterdam, Athens, etc., with columns for High, Low, and Wind.

Forecast for Sunday through Tuesday, as provided by Accu-Weather.



Table with weather forecasts for North America, Europe, Asia, Africa, Latin America, Middle East, and Oceania, including locations like New York, London, Tokyo, etc., with columns for High, Low, and Wind.

Table with weather forecasts for Asia, Africa, Latin America, Middle East, and Oceania, including locations like Bangkok, Cape Town, Buenos Aires, etc., with columns for High, Low, and Wind.

Table with weather forecasts for Europe and Middle East, Caribbean and West Atlantic, and Asia/Pacific, including locations like Cannes, Barbados, Penang, etc., with columns for High, Low, Water, Wave, and Wind.

If you're going to travel all over the map, here's how to call from almost any point on it.



Table titled 'AT&T Access Numbers' listing international phone numbers for various countries like Algeria, Argentina, Australia, etc.

AT&T puts the world at your fingertips. Just dial the AT&T access number of the country you're calling from for quick, clear connections back to the U.S. and lots of other countries. International calling made simple is all part of The i Plan from AT&T.

